



December 21, 2009

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20511

Re: *Proposed Changes to Closed-End Mortgages Rules (Docket No. R-1366)*

Dear Ms. Johnson:

First, thank you for the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a loan originator in Dallas, Texas. Having witnessed first-hand the subprime mortgage meltdown, I agree additional consumer protection in the residential mortgage loan process is needed and should be implemented. In the subprime's peak of growth the lending process was based on risky loans with no risks involved to the loan originator only to the new homeowner. The plethora of unknowledgeable homeowners with no agenda on how to retain their new home was brought on by the loan originators ineptness not to supply the client with the needed tools for a new homeowner – Knowledge. However, I have deep concerns with the proposals regarding loan originator compensation and how this affects the homeowner's best interest.

Clients often present unique or complex circumstances that make processing their loan applications at times consuming and difficult. I spend a great deal of time on these applications to ensure that they get the extra attention they need and to make sure the application process goes smoothly for the client. This level of attention is often not available at large national lending institutions that take more "one size fits all" approach and focus solely on volume and production.

As with any other service there is an allotted time estimated in the beginning of the job. If the job entails more time and services than estimated in the beginning, the servicer is compensated for the additional time and charges. This same premise applies to the current compensation for the loan originator. My clientele database is made up of repeat customers because I take pride in providing top notch customer service with the client understanding the whole home process transaction from beginning to end. Before the end of the transaction the clients have felt they have received a home purchase 101 class ranging from reviewing, understanding and deciding on different financing options to deciphering the HUD prior to closing and receiving an A+. To achieve this with all of my clientele takes a great deal of time. In order to compensate for going over the estimated time needed to complete the transaction a slightly higher rate or fee is charged. Often, the client will opt to have a higher rate to reduce their closing costs because I will not charge an origination fee on the higher rate thus reducing their closing costs since they have the knowledge.

The unfortunate consequence of this change is it will make it even harder for many deserving consumers to obtain a mortgage loan in deserving communities due to lack of knowledge of the process and programs and thus bringing on anew cycle of the ineptness loan officer not having a knowledgeable new homeowner at the conclusion of their transaction. If the proposed rule prevents mortgage lenders from paying adequate compensation to their loan officers for transactions with

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unforeseen hurdles, loan officers will be more inclined to do a quick overview of the loan transaction with the client than taking the time to go over the entire loan process step by step. Instead, their primary focus would be to concentrate on producing more units closed to make up for the loss revenue rather than achieving a fully knowledgeable homeowner.

The Board should exclude these loans from the restrictions on loan originator compensation and allow for pricing discretion on these loans. If the Board adopts the proposed restrictions on loan originator compensation, the limits should apply only to riskier products that were at the heart of the subprime meltdown. The conventional loans do not create the same potential for abuse.

Also, the new SAFE Act requirements for loan originators, including extensive background checks and rigorous testing and continuing education requirements will significantly dissipate the past abuses that brought on the onslaught of restrictions. The Board should wait to allow the SAFE Act a chance to work before implementing restrictions that are burdensome to the client as more documents to sign rather than the comprehensive knowledge they retained from the competent loan originator.

Once again, thank you for the opportunity to comment on the proposed rule.

Respectfully submitted,



Jeff Laures